

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

)
In re:) Case No. 17-47541-659
) CHAPTER 11
ARMSTRONG ENERGY, INC.,)
)
Debtor.)
)
Tax I.D. No. 35-2424058)
)
)
In re:) Case No. 17-47545
) CHAPTER 11
ARMSTRONG AIR, LLC,)
)
Debtor.)
)
Tax I.D. No. 45-3022017)
)
)
In re:) Case No. 17-47549
) CHAPTER 11
ARMSTRONG COAL COMPANY, INC.,)
)
Debtor.)
)
Tax I.D. No. 20-5940349)
)
)
In re:) Case No. 17-47543
) CHAPTER 11
ARMSTRONG COAL SALES, LLC,)
)
Debtor.)
)
Tax I.D. No. 61-1748643)
)
)
In re:) Case No. 17-47550
) CHAPTER 11
ARMSTRONG ENERGY HOLDINGS, INC.,)
)
Debtor.)
)
Tax I.D. No. 20-8015664)
)

In re:)	
ARMSTRONG LOGISTICS SERVICES, LLC,)	Case No. 17-47546
)	CHAPTER 11
Debtor.)	
Tax I.D. No. 26-4190392)	
)	
In re:)	
THOROUGHFARE MINING, LLC,)	Case No. 17-47547
)	CHAPTER 11
Debtor.)	
Tax I.D. No. 32-0437890)	
)	
In re:)	
WESTERN DIAMOND LLC,)	Case No. 17-47548
)	CHAPTER 11
Debtor.)	
Tax I.D. No. 20-5579356)	
)	
In re:)	
WESTERN LAND COMPANY, LLC,)	Case No. 17-47542
)	CHAPTER 11
Debtor.)	
Tax I.D. No. 20-8029821)	
)	

**DEBTORS' MOTION FOR ENTRY OF AN
ORDER (I) DIRECTING JOINT ADMINISTRATION OF
CHAPTER 11 CASES AND (II) GRANTING RELATED RELIEF**

Armstrong Energy, Inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors"),¹ respectfully state the following in support of this motion:

¹ A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this motion and the Debtors' chapter 11 cases, are set forth in greater detail in the *Declaration of Alan Boyko of*

Relief Requested

1. The Debtors seek entry of an order (the “Proposed Order”):² (a) directing procedural consolidation and joint administration of these chapter 11 cases and (b) granting related relief, including the ability to add later filed cases to these chapter 11 cases. Specifically, the Debtors request that the United States Bankruptcy Court for the Eastern District of Missouri (the “Court”) maintain one file and one docket for all of the jointly administered cases under the case of Armstrong Energy, Inc., and that the cases be administered under a consolidated caption, as follows:

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

In re:)
ARMSTRONG ENERGY, INC., *et al.*,) Chapter 11
Debtors.) Case No. 17-47541-659
) (Jointly Administered)
)

2. The Debtors further request that the Court order that the foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

Armstrong Energy, Inc., in Support of Chapter 11 Petitions and First Day Motions (the “First Day Declaration”), filed contemporaneously herewith and incorporated by reference herein.

² A copy of the Proposed Order will be provided to the Notice Parties (as defined below) and made available on the Debtors’ case information website at <https://www.donlinrecano.com/armstrong>.

3. The Debtors also request that a docket entry, substantially similar to the following, be entered on the docket of each of the Debtors other than Armstrong Energy, Inc. to reflect the joint administration of these chapter 11 cases:

An order has been entered in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure directing the joint administration of the chapter 11 cases of: Armstrong Energy, Inc., Case No. 17-47541 Armstrong Air, LLC, Case No. 17-47545 Armstrong Coal Company, Inc., Case No. 17-47549 Armstrong Coal Sales, LLC, Case No. 17-47543 Armstrong Energy Holdings, Inc., Case No. 17-47550 Armstrong Logistics Services, LLC, Case No. 17-47546 Thoroughfare Mining, LLC, Case No. 17-47547 Western Diamond LLC, Case No. 17-47548 and Western Land Company, LLC, Case No. 17-47542 All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 17-47541-659.

4. The Debtors also seek authority to file their monthly operating reports required by the *Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees*, issued by the Office of the United States Trustee for the Eastern District of Missouri (the “U.S. Trustee”), by consolidating the information required for each Debtor in one report that tracks and breaks out all of the specific information (e.g., receipts, disbursements, etc.) on a debtor-by-debtor basis in each monthly operating report.

Jurisdiction and Venue

5. The United States Bankruptcy Court for the Eastern District of Missouri (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and Rule 81.901(B)(1) of the Local Rules of the United States District Court for the Eastern District of Missouri. The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent

of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

6. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The bases for the relief requested herein are section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Bankruptcy Rule 1015(b), and rule 1015(b) of the Local Rules of Bankruptcy Procedure for the Eastern District of Missouri (the “Local Bankruptcy Rules”).

Background

8. The Debtors produce low-chlorine, high-sulfur thermal coal from the Illinois Basin, with both surface and underground mines. The Debtors market their coal primarily to proximate and investment grade electric utility companies as fuel for their steam-powered generators. Based on 2016 production, the Debtors are the sixth largest producer in the Illinois Basin and the second largest in Western Kentucky.

9. On the date hereof (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

Basis for Relief

10. Bankruptcy Rule 1015(b) provides, in pertinent part, that “[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order a joint administration of the estates.” Fed. R. Bankr. P. 1015. The Debtors are “affiliates”

as that term is defined in section 101(2) of the Bankruptcy Code. Accordingly, the Bankruptcy Code and Bankruptcy Rules authorize the Court to grant the relief requested herein.

11. Section 105(a) of the Bankruptcy Code provides the Court with the power to grant the relief requested herein by permitting the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the [Bankruptcy Code].” 11 U.S.C. § 105(a).

12. Joint administration is generally non-controversial, and courts in this jurisdiction routinely order joint administration in cases with multiple, related debtors. *See, e.g., In re Payless Holdings LLC*, No. 17-42267 (KAS) (Bankr. E.D. Mo. Apr. 5, 2017); *In re Peabody Energy Corp.*, No. 16-42529 (BSS) (Bankr. E.D. Mo. Apr. 14, 2016); *In re Abengoa Bioenergy US Holding, LLC.*, No. 16-41161 (MEW) (Bankr. E.D. Mo. Mar. 4, 2016); *In re Noranda Aluminum, Inc.*, No. 16-10083 (BSS) (Bankr. E.D. Mo. Feb. 9, 2016); *In re Arch Coal, Inc.*, No. 16-40120 (CER) (Bankr. E.D. Mo. Jan. 13, 2016).³

13. Given the integrated nature of the Debtors’ operations, joint administration of these chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders in these chapter 11 cases will affect each and every Debtor entity. The entry of an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections. Joint administration also will allow the U.S. Trustee and all parties-in-interest to monitor these chapter 11 cases with greater ease and efficiency.

14. Moreover, joint administration will not adversely affect the Debtors’ respective constituencies because this Motion seeks only administrative, not substantive, consolidation of

³ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

the Debtors' estates. Parties-in-interest will not be harmed by the relief requested; instead, parties-in-interest will benefit from the cost reductions associated with the joint administration of these chapter 11 cases. Accordingly, the Debtors submit that the joint administration of these chapter 11 cases is in the best interests of their estates, their creditors, and all other parties in interest.

Notice

15. The Debtors will provide notice of this motion to: (a) the Office of the United States Trustee for the Eastern District of Missouri; (b) the holders of the 50 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the indenture trustee under the Debtors' 11.75% senior secured notes due 2019; (d) counsel to the ad hoc group of holders of the Debtors' 11.75% senior secured notes due 2019; (e) counsel to Knight Hawk Holdings, LLC; (f) the United States Attorney's Office for the Eastern District of Missouri; (g) the Internal Revenue Service; (h) the Environmental Protection Agency; (i) the office of the attorneys general for the states in which the Debtors operate; (j) the Securities and Exchange Commission; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties"). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

16. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order granting the relief requested herein and such other relief as the Court may deem just and proper.

St. Louis, Missouri

Dated: November 1, 2017

/s/ Richard W. Engel, Jr.

Richard W. Engel, Jr. (MO 34641)

Erin M. Edelman (MO 67374)

John G. Willard (MO 67049)

ARMSTRONG TEASDALE LLP

7700 Forsyth Boulevard, Suite 1800

St. Louis, Missouri 63105

Telephone: (314) 621-5070

Facsimile: (314) 621-2239

Email: rengel@armstrongteasdale.com

eedelman@armstrongteasdale.com

jwillard@armstrongteasdale.com

- and -

James H.M. Sprayregen, P.C.

Ross M. Kwasteniet, P.C. (*pro hac vice* admission pending)

William A. Guerrieri (*pro hac vice* admission pending)

Travis M. Bayer (*pro hac vice* admission pending)

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

300 North LaSalle

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Email: james.sprayregen@kirkland.com

ross.kwasteniet@kirkland.com

will.guerrieri@kirkland.com

travis.bayer@kirkland.com

-and-

Jonathan S. Henes, P.C. (*pro hac vice* admission pending)

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

601 Lexington Avenue

New York, New York 10022

Telephone: (212) 446-4800

Facsimile: (212) 446-4900

Email: jonathan.henes@kirkland.com

Proposed Counsel to the Debtors